

# Indiana Department of Education



## Office of Financial Management, Analysis, and Reporting

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TO: All Superintendents

FROM: Debra Hineline, Director  
Office of Financial Management, Analysis, and Reporting

DATE: August 24, 2006

SUBJECT: 2007 General Fund Tax Rate and Levy

HEA 1001, Section 46, requires the Department of Local Government Finance to adjust upward both the general fund tax rate and certified tuition support levy by 4.1%. This adjustment will occur regardless of whether a school corporation advertised and adopted either of these two values at a higher level than normal.

The school corporation target property tax rate for calendar year 2007 is the greater of \$0.7292 or the rate determined under the law, plus if applicable the school corporations minimum equalization tax rate. The law requires the DLGF, using the best information available to determine the lesser of A) \$2,035,900,000, or; B) the result of the sum of the certified tuition support levies for all school corporations in 2006 multiplied by 1.041, MINUS the sum of all maximum permissible tuition support levies for all school corporations in 2007 (the 2006 levy times 1.041). Adjustments shall be made by DLGF to assure that the difference does not exceed one million dollars (\$1,000,000).

The law further provides that this upward adjustment shall be made by the DLGF regardless of the tax rate and resulting levy advertised and fixed by the school corporation.

In as much as this calculation is a function of the DLGF, the DOE has not attempted to project how this will affect school corporations in our tuition support simulations provided at the Workshop nor on the online tuition support simulation at this time.

Our understanding is that this adjustment will be shown on the budget order provided by the DLGF after budget review. We do not have information on the timing of this revision to the 2007 tuition support calculation at this time. We do know that it will require a revision in the 2007 worksheet and possibly adjustments to the 2007 tuition support payments depending on implementation by DLGF. When this data is finalized we will include the updated variable in the 2007 tuition support payment program. In all likelihood, this change will be a downward adjustment in tuition support, and an increase on the local levy side of the equation.

We wanted to let you know early of this change so you can communicate it to all who will be affected by this adjustment when implemented. The final result of both of these actions - the DLGF upward levy adjustment and the DOE downward tuition support adjustment, should offset each other.